

## SENATE BILL NO. 313

INTRODUCED BY S. KITZENBERG

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO TRANSFER THE  
5 DISTRICT'S GENERAL FUND END-OF-THE-YEAR FUND BALANCE INTO THE DISTRICT'S  
6 MISCELLANEOUS PROGRAMS FUND; AMENDING SECTION 20-9-104, MCA; AND PROVIDING AN  
7 EFFECTIVE DATE AND AN APPLICABILITY DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 20-9-104, MCA, is amended to read:

12 **"20-9-104. General fund operating reserve.** (1) At the end of each school fiscal year, the trustees of  
13 each district shall designate the portion of the general fund end-of-the-year fund balance that is to be earmarked  
14 as operating reserve for the purpose of paying general fund warrants issued by the district from July 1 to  
15 November 30 of the ensuing school fiscal year. Except as provided in subsections ~~(5)~~ (3) and ~~(6)~~ (4), the amount  
16 of the general fund balance that is earmarked as operating reserve may not exceed 10% of the final general fund  
17 budget for the ensuing school fiscal year. The trustees of a district may transfer any funds remaining in the  
18 district's general fund end-of-the-year fund balance into the miscellaneous programs fund established in  
19 20-9-507.

20 ~~(2) The amount held as operating reserve may not be used for property tax reduction in the manner~~  
21 ~~permitted by 20-9-141(1)(b) for other receipts.~~

22 ~~——(3) Excess reserves as provided in subsection (5) may be appropriated to reduce the BASE budget levy,~~  
23 ~~the over-BASE budget levy, or the additional levy provided by 20-9-353.~~

24 ~~——(4)(2) Any portion of the general fund end-of-the-year fund balance that is not reserved under~~  
25 ~~subsection (2) or reappropriated reserved or transferred under subsection (3) (1) is fund balance reappropriated~~  
26 and must be used for property tax reduction as provided in 20-9-141(1)(b).

27 ~~(5)(3) The limitation of on the operating reserve in subsection (1) does not apply when the amount in~~  
28 excess of the limitation is equal to or less than the unused balance of any amount:

29 (a) received in settlement of tax payments protested in a prior school fiscal year;

30 (b) received in taxes from a prior school fiscal year as a result of a tax audit by the department of

1 revenue or its agents; or

2 (c) received in delinquent taxes from a prior school fiscal year.

3 ~~(6)~~(4) The limitation of on the operating reserve in subsection (1) does not apply when the amount  
4 earmarked as operating reserve is \$10,000 or less."

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6 **NEW SECTION. Section 2. Effective date -- applicability.** [This act] is effective July 1, 2003, and  
7 applies to transfers into the miscellaneous programs fund made on or after July 1, 2003.

8 - END -